Winning designs take flight

United Airlines used our aerospace coatings to bring to life two stunning designs created by the winners of their first-of-its-kind Her Art Here contest. The competition was launched to find and uplift underrepresented women artists by providing them with a chance to have their work painted on a Boeing 757 plane.

San Francisco resident and artist Tsungwei Moo saw her design applied to a plane from United's California fleet. A tribute to the Golden State, the eye-catching livery uses ten colors, needed more than 250 gallons of paint and took 17 days to complete.

Meanwhile, New Jersey native Corinne Antonelli's tribute to the New York/New Jersey region graces a second United aircraft. Her design also features ten different colors, with the 250-plus gallons of paint being applied over the course of 17 days.

To learn more about our aerospace coatings, visit aerospace.akzonobel.com

AkzoNobel
Most of our business units realized a significant increase in return on sales during 2019. Results of our pricing discipline have been very strong, while our efficiency programs also made a major contribution.

Despite the various macro-economic headwinds we faced, some business units performed extremely well. For example, our Powder Coatings business continued to strengthen its position as market leader, driven by a number of innovative new products, including Interpon Redox – a one-stop-shop offering the simplest route to maximum corrosion protection – and Interpon D X-Pro, a scratch-resistant powder coating for the architectural market which is available in both matt and satin finishes.

It was also a strong year for the beverage can coatings activities of our Industrial Coatings business. Customers love our innovative products and they’re seeing increasing demand because consumers are turning away from single use plastic. So the drinks can manufacturers are working flat out to try and meet that demand, which in turn means there’s a huge demand for our coatings.

Our Decorative Paints Europe, Middle East and Africa (EMEA) business also delivered a very good 2019. After many years of investment and finding the right balance of central management and local freedom – as well as setting up a single supply chain – the business is now performing really well.

We also faced a few challenges as the year unfolded. Negative developments in the automotive sector impacted our Automotive and Specialty Coatings business, mainly due to the fact that around five million fewer cars were produced globally. It meant there was less demand for the products we supply for vehicle interiors, for example, despite us being less exposed to the automotive OEM (original equipment manufacturer) sector.

The number of new ships being built also continued to hover around all-time low levels, which inevitably had an effect on our Marine and Protective Coatings business. In the marine sector, we’re continuing to develop our dry docking business, which is helping us to com-
We achieved significant profit improvement, based on our clear value over volume strategy.

Other major developments included the acquisition of French aerospace coatings manufacturer Mapaero in November. The deal will strengthen our global position in aerospace coatings – notably in the structural and cabin coating sub-segments – and demonstrates our commitment to continue investing in strategic growth opportunities.

Another highlight was the official opening of a £13 million R&D innovation campus at our Felling site in the UK. The trailblazing lab complex can test new products in conditions that mimic the world’s most extreme environments. These investments show just how committed we are to innovation and making our products even more sustainable. They will help us to continue making life better for our customers, just as we did during 2019 with new introductions such as Awlfair SF, a high-performance filler for super-yachts, which can be applied by pressurized airless spray, rather than by hand.

We were also very proud to become the first major manufacturer to launch recycled paint, thanks to a groundbreaking partnership in the UK with resource management experts Veolia. Developed by our Dulux Trade brand, the revolutionary Evolve matt emulsion is made from other people’s paint waste, with the final product containing 35% recycled paint (see page 138).

And it was a special year for our Paint the Future innovation ecosystem, which launched with a collaborative startup challenge in May and has since expanded to include suppliers and academia.

We’re making progress towards delivering our 15 by 20 ambition and we’re already working on longer term projects. It means we asked a lot from our people in 2019 – and they all rose to the challenge. They displayed an infectious passion for paint to help us remain on track and realize our goals.
Following the knockout success of our global startup challenge in the first half of 2019, our Paint the Future ecosystem is expanding to engage suppliers, academia and customers. Working together will help us enhance our products, develop groundbreaking solutions and even safeguard our planet for future generations.

The 2019 global startup challenge exceeded expectations, attracting 160 quality submissions, from which 21 startups were selected to attend the accelerator event in May. At the finale, AkzoNobel awarded joint agreements to five startups, while partner KPMG presented one award. Since then, cross-functional venture teams have been working closely with the winners on these ongoing collaborations.

As Paint the Future grows, all programs are being designed to offer new pathways to connect with experts, accelerate ideas, bring solutions to market and deliver impact at scale.

“We want to be the launch pad for great ideas and innovations in our industry, and we see our Paint the Future ecosystem as the way to do it,” says Klaas Kruithof, AkzoNobel’s Chief Technology Officer. “As our success will depend on working with diverse partners from inside and outside the industry, we really need to look along the entire value chain. That’s why we’re extending the invitation: let’s do amazing things together.”

In November 2019, some key suppliers were invited to explore and discuss industry challenges. An online platform will eventually open for all suppliers to submit their ideas. Current and new partnerships with academia and other institutions are also joining the ecosystem.

And there’s more to come in 2020, including our first regional startup challenge in Brazil – at the very heart of South America’s entrepreneurial ecosystem.

For the latest updates and to learn about innovation at AkzoNobel, visit [www.letspaintthefuture.com](http://www.letspaintthefuture.com)
KEY BUSINESS DEVELOPMENTS

DECORATIVE PAINTS ASIA

<table>
<thead>
<tr>
<th>Revenue in € millions</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key brands</td>
<td></td>
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</tbody>
</table>

- Following 2018’s deal to acquire full ownership of the AkzoNobel Swire Paints joint venture in China, we secured a number of strategic partnership agreements to provide consumers with improved painting solutions and stimulate the innovative development of China’s decorative paints market.

- The Dulux Concept Store in Shanghai – the first of its kind in China – officially opened. It uses art, technology and personalized services to create an interactive space where consumers can better experience the brand’s color expertise and sustainable products.

- Dulux Forest Breath (an indoor wall paint which can purify harmful air pollutants) was upgraded with breakthrough, solvent-free technology and received several environmental certifications.

- Sadolin wood protector and Dulux Ambiance Velvet Touch were launched in India, along with Dulux AquaTech, a range of superior waterproofing products.

- In Vietnam, we strengthened our leading position in the premium paint segment with the launch of Dulux Ambiance Superflexx and Dulux EasyClean.

- Dulux Aura High Gloss was introduced in Malaysia and Dulux Catylac High Gloss was launched in Indonesia.

- More than 4,500 liters of Dulux Weathershield paint was donated to recoat and protect Vietnam’s Vung Tau lighthouse, which is one of the oldest lighthouses in South East Asia.

- Dulux became the first paint brand in Pakistan to venture into e-commerce with the launch of Far Away Places on Daraz.pk.

- Colorful new homes were created for children in Tianjin, China, as part of the company’s partnership with SOS Children’s Villages. The collaboration was also extended to include Indonesia and India, focused on employability, skills training and mentoring.

- Through partnerships with various NGOs and government schools, we helped provide education for more than 10,000 underprivileged children in five states across India, we raised road safety awareness among 20,000 youngsters, and provided skills development training to 3,000 painters and underprivileged young people.

We’ve helped bring new life to a 400-year-old coastal village in Vietnam. As part of our global “Let’s Colour” initiative, 30 3D murals were painted onto various homes and buildings in Canh Duong. Artists used our Dulux Weathershield products, which will help to protect the structures from the elements.
DECORATIVE PAINTS EUROPE, MIDDLE EAST AND AFRICA (EMEA)

Revenue in € millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2,095</td>
</tr>
<tr>
<td>2018</td>
<td>2,093</td>
</tr>
<tr>
<td>2019</td>
<td>2,161</td>
</tr>
</tbody>
</table>

Key brands

- 2019 performance was driven by positive price/mix effects, complexity reduction and cost-saving programs
- Strong profit growth was achieved, with significant improvement in return on sales
- Profitable growth was supported by recent acquisitions, such as Fabryo in Romania and Xylazel in Spain
- In the UK, we strengthened our stores footprint to improve our services for professional painters
- AkzoNobel became the first major manufacturer to launch recycled paint with the introduction of Dulux Trade Evolve in the UK. The matt white emulsion contains 35% recycled paint (see page 138)
- A digital Color Sensor was launched across ten markets. It can match customers’ color choices in seconds
- The popular Easycare washable wall paints concept was further rolled out to more markets (see page 68)
- Innovative roller testers were introduced to more countries across the region
- In collaboration with our Nordsjö brand, a major Artscape event was staged in Sweden. It involved artists creating more than 30 large-scale outdoor paintings in 12 municipalities in the Gothenburg region
- Our partnership with SOS Children’s Villages was activated in Poland and Tunisia, using education and renovation to have a positive impact on the issue of youth unemployment

Colleagues at our Ashington site in the UK hit a major milestone by producing one million liters of paint in a single week. The plant, which was officially launched in September 2017, manufactures paint for a variety of brands, including Dulux, Cuprinol and Hammerite.

The plant, which was officially launched in September 2017, manufactures paint for a variety of brands, including Dulux, Cuprinol and Hammerite.
Another year of strong pricing performance helped offset raw material inflation and currency devaluation, leading to improved return on sales.

The Alabastine brand was introduced in the fourth quarter to help lead the development of the pre-deco category in South America.

In Brazil, we launched the premium Ambiance wall paint product line, which is being positioned as the premium range of solutions for interior design.

Digital is transforming the way we engage our key stakeholders in Brazil, so an ecosystem of digital solutions was rolled out to support consumers, customers and painters on each step of their journey.

Our “Let’s Colour” initiative in Brazil celebrated its tenth anniversary. So far, we’ve donated more than one million liters of paint to help revitalize public spaces, preserve heritage and positively impact people’s lives and communities. This represents more than 2,200 projects, the engagement of over 45,000 volunteers and training for more than 45,000 members of local communities.

Our waste water treatment plant in Mauá (Brazil) is now reusing 95% of its waste water for production. We expect to reach 100% in early 2020. We also reduced CO2 emissions at the site by more than 15,400 tons, thanks to improvements in our water-based trim and woodcare product lines.

Colleagues from our Coral brand in Brazil teamed up with young people who were taking part in our painter training program in Natal. The initiative is part of our long-standing partnership with Plan International Netherlands.
AUTOMOTIVE AND SPECIALTY COATINGS

Revenue in € millions

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,426</td>
<td>1,392</td>
<td>1,388</td>
</tr>
</tbody>
</table>

Key brands

- AkzoNobel
- LESONAL
- sikkens
- DYNACOAT
- WANDA

Revenue by destination in %

- A EMEA 42
- B Americas 30
- C Asia Pacific 28

- Maintained strong positions in aerospace and vehicle refinishes (EMEA) thanks to new product and service introductions
- Challenging year in automotive OEM segments due to headwinds, in line with overall market dynamics
- Acquired French coatings manufacturer Mapaero, strengthening our position in the aerospace coatings market, particularly the cabin and structural sub-segments
- Coatings were supplied for several unique liveries and whole fleet rebrands, including United Airlines, American Airlines, SAS, Alaska Airlines and JAL
- Airbus recognized our commitment to sustainability with a prestigious supplier award. We also launched a new chromate-free exterior primer – Aerodur HS 2121 – which was qualified by Airbus, and received Boeing qualification for our Aerodur 2111 chromate-free exterior primer
- Our color trends insight and expertise was shared with automotive interior and consumer electronics customers in our new Color Surfaces Edition 15 report
- The 11th anniversary of our partnership with McLaren was marked with the livery on their latest F1 car being voted best-looking for the second year running
- Our vehicle refinishes brand and product assortment in China was aligned with new VOC regulations
- We announced partnerships with Advance Auto Parts and Carquest – one of the largest aftermarket parts providers in the world
- Our partnership with automotive artist and TV star Dave Kindig continued through our Modern Classikk vehicle refinishes range
- We celebrated the 85th birthday of our global Wanda vehicle refinishes brand

We helped Alaska Airlines to create a real buzz with special livery to celebrate the release of the movie Toy Story 4. We supplied our high-performance aerospace coatings for the specially themed plane, which took 24 days to coat and features 44 primary colors.
## MARINE AND PROTECTIVE COATINGS

### Revenue in € millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,424</td>
</tr>
<tr>
<td>2018</td>
<td>1,291</td>
</tr>
<tr>
<td>2019</td>
<td>1,306</td>
</tr>
</tbody>
</table>

### Key brands

- **International**
- **Awlgrip**

### Revenue by destination in %

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A EMEA</td>
<td>36</td>
</tr>
<tr>
<td>B Americas</td>
<td>23</td>
</tr>
<tr>
<td>C Asia Pacific</td>
<td>41</td>
</tr>
</tbody>
</table>

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- Our new €13 million Innovation Campus in Felling, UK, was opened to expand our world-leading testing and laboratory capabilities and strengthen our commitment to the marine and protective coatings industry.
- Awlgrip HDT (high definition technology) was launched and won the Innovation Award at the 2019 International Boatbuilders’ Exhibition and Conference (IBEX).
- Awlfair SF, part of our Awlgrip range, was introduced to the yacht industry. The revolutionary, spray-applied filler offers improved aesthetics and drastically reduces application time.
- We supplied coatings for China’s first domestically built polar icebreaker, Xue Long 2. Purpose-built to cope with the extreme challenges of polar exploration, the research vessel is coated with Intershield 163 Inerta 160 from our International product range. The tried and tested abrasion resistant system has a proven 47-year track record of performing in temperatures as low as -60°C and has already been used on more than 1,600 ships and icebreakers around the world.
- Working with key oil and gas customers, we launched innovative new products in the International range, including Intershield 4000USP – a zinc-free, high-performance primer – and Intertherm 2205, a hot applied temperature resistant coating.
- We launched a new marine coatings package specifically developed for chemical and corrosion protection of marine scrubbers, in support of ship owners’ efforts to reduce sulfur emissions in line with the new International Maritime Organization (IMO) requirements.
- Our Intersleek 1100SR and Intershield 300 coatings technology were selected by Knutsen OAS Shipping for their newest LNG vessels, protecting both the vessel hull and ballast tank areas.
- We introduced Kaleidoscope – a new approach to green buildings designed to engage stakeholders and explore the possibilities of a more responsible and sustainable way of living by tackling carbon emissions resulting from the global construction industry.
Strongly increased profitability, driven by successfully focusing on increasing prices globally across all segments, selectively winning new business and sharpening our business focus.

Further growth of our BPANI (BPA non-intent) coatings for metal packaging was driven by high demand from beer and beverage brands for our sustainable and reliable coatings.

We broke ground for an investment of €50 million in our North American wood coatings site in High Point, North Carolina, to upgrade the current infrastructure, optimize our quality and service levels and bring the facility to the next level of operational excellence.

Our fast-drying Sikkens fire retardant wood coatings system was introduced to meet the challenges set by the world’s most extreme conditions and offer improvements in production efficiency.

We launched the MaestroHue digital color-matching system developed by Chemcraft, our specialist wood coatings brand, which will enable distributors to fulfill more orders in less time.

Our TRINAR liquid coatings were supplied for the historic Hudson Yards development in New York (see page 8).

We celebrated our 100th year in the wood coatings industry in North America.

Our specialist wood coatings brand, Chemcraft, launched a digital color-matching system to make it easier for distributors to fulfill their orders.

### Trade names
- Aqualure
- Aquaprime
- Ceram-a-Star
- GripPro
- LignuPro
- Polydure
- Trinar
- Vitalac
- Vitalure

### Revenue by destination in %

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>A EMEA</td>
<td>43</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Americas</td>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C Asia Pacific</td>
<td>25</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
POWDER COATINGS

Revenue in € millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (in € millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,173</td>
</tr>
<tr>
<td>2018</td>
<td>1,218</td>
</tr>
<tr>
<td>2019</td>
<td>1,234</td>
</tr>
</tbody>
</table>

Key brands

- Interpon
- Cromadex
- Resicoat
- PowderTech
- Relest

Revenue by destination in %

<table>
<thead>
<tr>
<th>Region</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>A EMEA</td>
<td>45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Americas</td>
<td>21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C Asia Pacific</td>
<td>34</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Continued to increase our share in key market segments and developed new market opportunities by focusing on innovation and premium products
- Plans were announced to further invest in our Changzhou site in China by adding three new production lines
- Launched Interpon Structura Flex, a market first range of products which combines the weatherability of superdurable powder coatings with the mechanical performance advantages of standard durable systems
- We made our products even more sustainable by launching a full range of Interpon Low-E products, which have been specially engineered for curing at lower temperatures
- Our antimicrobial Interpon AM range, containing BioCote® antimicrobial protection, was launched. It delivers outstanding decorative characteristics while combating the growth of microbes, such as bacteria and mold
- We introduced Interpon D X-Pro, an innovative scratch-resistant powder coating for the architectural market, which is available in both matt and satin finishes
- We made it easier for customers to tackle complex corrosion challenges with the launch of Interpon Redox, a global range of high-performance primers
- Launched three new state-of-the-art digital color tools for customers in the industrial sector. They all work with the Salcomix system, an on-site facility which enables customers to mix paint on demand with superior color accuracy
- Coatings were supplied for a series of prestigious building projects, including Hudson Yards in New York and the Varso Tower in Warsaw, Poland